

REPORT OF QUALIFYING EXAMINATION
Of
ENUMCLAW PROPERTY AND CASUALTY
INSURANCE COMPANY

Enumclaw, Washington

As of February 13, 2002



Enumclaw Property and Casualty Insurance Company

CHIEF EXAMINER AFFIDAVIT

I hereby certify I have read the attached Report on the Qualifying Examination of Enumclaw Property and Casualty Insurance Company of Enumclaw, Washington. This report shows the financial condition and related corporate matters as of February 13, 2002.

PATRICK H. McNAUGHTON
Chief Examiner

3/12/02
Date

Enumclaw Property and Casualty Insurance Company

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Enumclaw Property and Casualty Insurance Company

Lacey, Washington
March 12, 2002

The Honorable Mike Kreidler, Commissioner
Washington Office of Insurance Commissioner
Insurance 5000 Building
PO Box 40255
Olympia, WA 98504-0255

Dear Commissioner Kreidler:

In accordance with your instructions and in compliance with the statutory requirements of RCW 48.03.010, a qualifying examination has been made of the corporate records and financial condition of

ENUMCLAW PROPERTY AND CASUALTY INSURANCE COMPANY

of

Enumclaw, Washington

hereinafter referred to as "EPC" or the "Company," at the home office of its parent company, Mutual of Enumclaw Insurance Company, located at 1460 Wells Street, Enumclaw, WA 98022. This report of examination is respectfully submitted showing the condition of the Company as of February 13, 2002.

SCOPE OF EXAMINATION

This examination of Enumclaw Property and Casualty Insurance Company included verification of the Company's assets and liabilities as of February 13, 2002. The minimum net worth and cash deposits were tested for compliance with RCW 48.05.340. In addition, the examination included verification for compliance with statutory requirements regarding EPC's application for a Certificate of Authority to be a DOMESTIC STOCK INSURANCE COMPANY incorporated in the State of Washington.

Enumclaw Property and Casualty Insurance Company

HISTORY

On November 27, 2001, Articles of Incorporation were approved by the Incorporators to form Enumclaw Property and Casualty Insurance Company, a Washington domestic stock insurance Company.

MANAGEMENT AND CONTROL

Board of Directors

In accordance with provisions of the Bylaws, the number of Directors shall be managed by a Board of Directors composed of not less than seven (7) and not more than eleven (11) Directors, the specific number to be set by resolution of the Board.

The following Directors were serving the Company as of February 13, 2002:

Dwight L. Cummins	Silverton, OR
Bernadene Dochnahl	Renton, WA
Vance O. Fredrickson	Enumclaw, WA
Robert C. Guile	Tacoma, WA
Peter C. Hanson	Seattle, WA
Gary P. Heer	Woodburn, OR
Gerald P. Schmidt	Auburn, WA
Fredrick M. Schunter	Spokane, WA
David M. Waldo	Parma, ID

Officers

The following Officers were serving the Company as of February 13, 2002:

Vance O. Fredrickson	Chairman of the Board
Gerald P. Schmidt	President and Chief Executive Officer
Peter C. Hanson	Vice President
Bernadene Dochnahl	Secretary
Frederick M. Schunter	Treasurer

AFFILIATED COMPANIES

The parent company of Enumclaw Property and Casualty Insurance Company is Mutual of Enumclaw Insurance Company, a Washington Mutual Insurer. Mutual of Enumclaw Insurance Company owns 100% of the voting stock of the Company.

Enumclaw Property and Casualty Insurance Company

CAPITAL AND SURPLUS

The Articles of Incorporation, dated November 27, 2001, authorize Enumclaw Property and Casualty Insurance Company to be formed as a Domestic Stock Insurance Company, under Chapter 48.05 of the Revised Code of Washington. The Company is seeking authorization to write the following lines of business:

Disability
Property
Marine and Transportation
Vehicle
General Casualty, excluding Workers Compensation
Surety

The required unimpaired Paid-in Capital Stock and Additional Funds in Surplus for a Domestic Stock Insurance Company transacting Multiple Lines (all insurances except life and title insurance) of business, is:

Paid-in Capital Stock or Basic Surplus	\$3,000,000
Additional Surplus	3,000,000

As of February 13, 2002, the Company's Paid-in Capital Stock equaled \$3,000,000 and Additional Surplus equaled \$3,000,000, as required by RCW 48.05.340.

RECOMMENDATION

As of the date of this examination, February 13, 2002, Enumclaw Property and Casualty Insurance Company has been found to be in compliance with the pertinent provisions of the Washington Insurance Code. Based on the findings and conclusions of the examiner, Enumclaw Property and Casualty Insurance Company has sufficient Capital and Surplus to qualify for a Certificate of Authority as a DOMESTIC STOCK INSURANCE COMPANY in the State of Washington.

FINANCIAL STATEMENTS

The following examination financial statements show the financial condition of Enumclaw Property and Casualty Insurance Company as of February 13, 2002:

Statement of Assets, Liabilities and Fund Balance

Enumclaw Property and Casualty Insurance Company

**Statement of Assets, Liabilities and Fund Balance
As of February 13, 2002**

	<u>Balance Per Company</u>	<u>Examination Adjustments</u>	<u>Balance Per Examination</u>
<u>ASSETS</u>			
Cash	\$59,650		\$59,650
Bonds	5,941,875		5,941,875
Total Assets	<u>\$6,001,525</u>	<u>\$0</u>	<u>\$6,001,525</u>
<u>LIABILITIES</u>			
Total Liabilities	\$0		\$0
<u>CAPITAL AND SURPLUS</u>			
Paid-in Capital			
Common stock, par value \$10.00	3,000,000		3,000,000
Additional Paid-in Capital	3,000,000		3,000,000
Total Paid-in Capital	<u>6,000,000</u>		<u>6,000,000</u>
Retained Earnings	1,525		1,525
Total Capital and Surplus	<u>6,004,330</u>		<u>6,004,330</u>
Total Liabilities, Capital and Surplus	<u>\$6,001,525</u>	<u>\$0</u>	<u>\$6,001,525</u>

NOTE: Bank balances were confirmed as of February 13, 2002 for the purpose of preparing the Balance Sheet as of February 13, 2002 and to verify Capital and Surplus balances. The Company has sufficient Capital and Surplus to qualify for a Certificate of Authority as required by RCW 48.05.340.

Enumclaw Property and Casualty Insurance Company

AFFIDAVIT

STATE OF WASHINGTON	}
	} ss
COUNTY OF THURSTON	}

John R. Jacobson, AFE, being duly sworn, deposes and says that the foregoing report subscribed by him is true to the best of his knowledge and belief.

John R. Jacobson, AFE
Examiner-in-Charge
State of Washington

Subscribed and sworn to before me this 12th day of March, 2002.

SUSAN E. MILLER
Notary Public in and for the
State of Washington.